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*The Economic, Social, and Psychoemotional Motivations in
Kathryn Finney's Journey as a Social Entrepreneur*

Introduction

Through her emergence as a social entrepreneur, Kathryn Finney became one of the first online fashion blogger entrepreneurs in the United States. In 2003, Kathryn Finney founded *The Budget Fashionista* (Finney, 2014), an online blog for women in search of affordable, yet chic, fashion trends and advice, specifically catering to working class women of color as her audience. After increasing the value of *The Budget Fashionista*, Finney in 2012 sold the online blog and used personal funds from the exit and became Founder and CEO of another social enterprise, Digitalundivided. Digitalundivided is an Atlanta based “social enterprise” that “takes an innovative approach to economic empowerment through entrepreneurship” by creating an accelerator program and entrepreneurial pipeline for women of color entrepreneurs to break into the tech industry (“About DID”). This paper uses her experiences with her two social enterprises and applies various schools of theoretical approaches in entrepreneurship literature in order to begin to understand the economic, social, and psychoemotional underpinnings that motivated Kathryn Finney to become a social entrepreneur.

Economic Motivations

Economic motivations undergirded the founding of Finney's *The Budget Fashionista*, particularly in its occupation of a market niche in contextual relation to the post-Internet bubble of the late 1900s and early 2000s. As Founder and CEO of *The Budget Fashionista*, Finney mentioned that she had “found [herself] at the beginning of the industry of web content, which

was an interesting time to be around” (Knight & Finney, 2016). At that time, Finney provided her contextual account of the state of the Internet and the extent through which companies were able to capitalize and generate revenue and profit through online content, “At that time, most of the online publications did not really invest in online content, so a lot of their content came from news services like AP and other folks like that....Google had just came out with [Google] AdWords and [Google] AdSense. No one had figured out how to monetize content on the web. There was really no Ad Tech even at that point” (Knight & Finney, 2016). Highlighted in her account of the founding of *The Budget Fashionista*, the blog’s early adoption of brief advertising copy, product listings, and video content within its pages generated revenue and provided close relationships with companies seeking to advertise their products and services.

Honing in on the possibilities afforded by early adoption, Finney’s timing was an indispensable factor that motivated the emergence of *The Budget Fashionista* and the rise of Finney as a tech-based social entrepreneur. One of the most challenging, yet decisive, elements to launching any entrepreneurial venture involves the “launching phase” with the “right timing” (Vohanka, 2017) and that “the success and failure for the entrepreneur also depends on the timing, be it pitching the idea, form[ing] the venture, or the product launch” (Ahmed, 2017). This innovative early adoption of advertising technologies embedded in new online media content fusing together both fashion content and advertisements alike speaks to the innovative importance of timing. It was precisely the timing of *The Budget Fashionista* precisely at the advent and emergence of embedded online media advertisements that gave it structural economic competitive advantage over competitors that would come later when the market would mature.

Applying the theoretical contributions of the Austrian School of entrepreneurship to the salience of is productive in obtaining insights on Finney’s economic motivations behind *The*

Budget Fashionista. Finney contextualized the founding of *The Budget Fashionista* and the online media market at the time with the 2004 United States Presidential election. Finney describes that “in 2004, the world of blogging exploded because of the election. Blogs became the forefront. All of the sudden, I found myself in the beginning of the industry of web content. It was an interesting time to be around” (Finney and Knight, 2016). Yet again underscored in this comment is the salience of timing. The explosion of internet use in advertisement and marketing, as Finney’s reference alludes to, became instrumental in her seizing this economic context as a business opportunity. The Austrian Dynamic Theory emphasizes that entrepreneurship pursues alignment with the market, thus meaning that it functions towards market equilibrium. Entrepreneurs, according to this theory, “always searches for change, responds to it, and exploits it as an opportunity” (Drucker, 1985). Approached through this framework, Finney founded *The Budget Fashionista* and launched its web content materials and operations as an opportunity towards market equilibrium and capitalizing on the economic context that structured the Internet at the time. Finney might not herself have caused the “explo[sion] of the “world of blogging” in 2004 (Finney and Knight, 2016); however, she did contribute to its rapid emergence with her blog, stayed attuned and spotted the opportunity in this volatile context, and seized this particular reconfiguration of the market by monetizing her blog’s content as the foundation of her emergence as a social entrepreneur.

Social Motivations

After selling *The Budget Fashionista* in 2012, Finney launched her newly founded start-up Digitalundivided in 2013. The founding of her new social enterprise was predicated largely on a research project that Finney spearheaded called *Project Diane*. The Austrian School’s emphasis on the ability of the entrepreneur to anticipate and respond to market changes as

opportunities helps unravel the astuteness of Finney in seeing, making sense, and responding not only to her rapidly changing technological surroundings and market shifts, but also to her client-base demographics in *Project Diane*. Finney's research motivations in *Project Diane* reveal her social motivations behind founding Digitalundivided:

“As a research scientist, I'm not really interested in creating my own data if someone had already done it. What we found was that no one had created the data. No one had thought to quantify what was happening with Black and Latina women. In fact, no one had really thought to quantify what was happening even with women. When we were looking at Crunchbase, there were statistics about everything except gender. And we were like, ‘well, how are we going to assess growth in the [tech] industry, if we don't have a baseline?’ We went, and we looked at Crunchbase. We looked at Mattermark, so we started our own research project called *Project Diane*” (Knight & Finney, 2016).

On several levels, Finney's inquisitive account is expressive of her social motivations. Seen from the lens of the Austrian Dynamic Theory, which postulates an entrepreneur to be “a decision-maker whose entire role arises out of his alertness to hitherto unnoticed opportunities” (Kirzner, 1973), Finney in this account communicated her realization that, on aggregate, the tech industry, as a sector that had tremendous growth since the post-Internet bubble, largely left behind and excluded women entrepreneurs. As indicated by the dearth of gender data that she found in *Project Diane*, the labor market that supplied workers and leaders in the tech sector discounted the abilities of women, especially of women of color who suffer from compounded prejudice in both entry and retention in the field as a tech entrepreneur. This attention paid to an underrepresented market base is an integral component of being a successful entrepreneur. As Saeed Ahmed writes, “to become successful...[the entrepreneur] has to find a ‘under-represented’ niche in the market or demand of the public where [they] can focus and find an innovative solution [in order] to harvest that ‘under-represented’ need” (Saeed, 2017). Directly related to the tech sector underrepresentation and subsequent marginalization of women, and Black and Latina women in particular, also signaled that the need and market demands of Black and Latina women and their agency as a client base were largely overlooked. Her decision to

cater to the demographic needs of this particular population demonstrates that Finney, through her research in *Project Diane*, crafted the foundations of her new start-up Digitalundivided through an attentive identification of labor market gap and client base needs in the market in order to advance the social mission of uplifting women of color entrepreneurs.

This identification of critical demands of a given client base or parts of a society in order to advance the social mission of social entrepreneurship is also recognized by Cathie Davies. Responding to the role of the entrepreneur vis-à-vis innovation, she wrote about her own experience and the purpose that the research served in her engagement with social enterprise: “The charity I work for had its funding cut from the local authority on an annual basis, the stall on the funding provided by the local government is limited to a handful. This requires funding to be sourced from external resources, altruistic funding from businesses....In exchange for the funding (which must be bid for, with competition for funding from other causes), the charity *must identify the most critical demand for the service/problems in society which it does through research* [emphasis added] at both national and regional level” (Davies, 2017). The revenue generation and social purpose of the social enterprise stems from researching the “most critical demand,” as she said, “for the service/problems in society which it does through research” (Davies, 2017). Seen through Davies’ insights, the centerpiece of Finney’s founding of Digitalundivided is to address and bridge existing labor market gaps and disparities that have caused an underrepresentation of Black and Latina women in the tech industry. In addition, in identifying and meeting the critical demand for existing social problems by exposing the needs of Black and Latina women, Finney unearths women of color as a potential audience, a previously unidentified market, for business opportunities that promise transformative social impact.

The attention paid to identifying critical demands geared to solve social problems that Davies describes is further evidenced in social-centric statistics documented by Finney in *Project Diane*. Between 2012 and 2014, 10,284 venture deals were funded in the United States. Out of the 10,284 venture deals, only 24, less than 1 percent, were funded start-ups that were led by black women. (Knight & Finney, 2016). Applying the significance of identifying critical demands to address social problems that Davies attributes to social enterprise, Finney's decision to found Digitalundivided based on her social research findings in *Project Diane* casts her new enterprise as her second iteration in practicing social entrepreneurship. Using social entrepreneurship as a framework to center the social mission of Digitalundivided, Finney's motivations and actions align with the characterization of social entrepreneurs as "change agents in the social sector" by "adopting a mission to create and sustain social value" through the targeted mission of the organization, "acting boldly without being limited by resources currently in hand," "exhibiting heightened accountability to the constituencies served and for the outcomes created," and "recognizing and relentlessly pursuing new opportunities to serve that mission" and "engaging in a process of continuous innovation, adaptation, and learning" through the multiple start-ups that Finney has founded over time for the same social purpose (Dees, 2001, pp. 4). Through Dees' Dynamic Theory of Profit model of social entrepreneurship, Finney's personal characteristics becomes integral to understanding her structuring of Digitalundivided with a social-centric mission.

Alluding to both the Dynamic Theory and Traits School theories on entrepreneurship, William Baumol defines an entrepreneur as someone who "must lead, perhaps even inspire; he cannot allow things to get into a rut and for him today's practice is never good enough for tomorrow" (Baumol, 1968, p. 66). Congruent with this Dynamic Theory and Traits School

characterization of entrepreneurs, Sarah Clements stressed that “entrepreneurs need to be visionary, while also being a realist and have a tendency to face the facts and be practical” (Clements, 2017). The combination of being both “visionary” yet able to “face the facts,” to Clements, is a requisite to being a successful entrepreneur. This layering of both abilities to pursue vision and remain practical forms the basis of Finney’s social entrepreneurship in that although it is clear that she is personally optimistic and confident that she can make an impact, Finney is nevertheless able to both gather and “face the facts.” This dual ability demonstrates the importance of her social vision for Digitalundivided, given that the figures of underrepresentation of women of color, particularly black women, tech entrepreneurs were exemplary of the United States’ acute socio-economic inequalities, with both race and gender as social determinants of the disparities and social stratification.

The social underpinnings of Finney’s visionary yet practical approach to entrepreneurship becomes even more salient when the low figures of funded black women entrepreneurs are contextualized by greater social trends in American society, particularly by examining racial and gender demographic data in tandem with employment and earnings trends. In the United States in 2017, for every dollar paid to men employed full-time, year round, women on aggregate are paid 80 cents for full time and year-round work (US Census Bureau, 2015). Intersecting both race and gender, Black women in the country are paid 63 cents for every dollar paid to white men (National Women’s Law Center, 2017), while Latinas are paid 54 cents for every dollar paid to white men (National Partnership for Women & Families, 2017). These highly disparate social and labor economic realities serve as the socioeconomic backdrop for Black and Latina women in the United States. These same hard facts exposed by *Project Diane* reinforce Finney’s decision to position Digitalundivided to provide a corrective response through its social mission.

Psychoemotional Mission

Given that women of color entrepreneurs serve as the beneficiaries for Digitalundivided's social mission, Finney's connection with her clients is expressive of her psychoemotional underpinnings in creating her social enterprise. Finney's appeal to her own and her clients' backgrounds and experiences is palpable in her nomenclature of her social enterprise's programs and her seemingly trivial yet meaningful decorations installed in Digitalundivided's headquarters. In Digitalundivided's Atlanta headquarters, Finney decorated the walls where her accelerator program for women of color tech entrepreneurs takes place with serial portraiture photographs of Oprah Winfrey (Knight & Finney, 2016), arguably the most iconic and successful black woman (social) entrepreneur in the United States (Lofton, 2011). Plastering Oprah's portraits all across Digitalundivided's base both expresses outwardly and inwardly reflects upon Finney's intentionality in providing a role model for her budding women of color entrepreneurs. Through the use of Oprah as an optic to communicate an implied cognitive message of success to her women of color entrepreneurs, Finney attempts to install confidence in their psyche and to actively combat pervading stereotype threats (Steele & Aaronson, 1995, pp. 797) against people of color, women, and women of color, especially in the tech industry.

Finney's nomenclature of Digitalundivided's program also reveals her social and psychological motivations in founding Digitalundivided. The very name of her initial research project, which served as footing for Digitalundivided, is itself a way to reclaim success and foster sense of pride that allay stereotype threats that psychologically disrupt women of color in their path to success in their entrepreneurial ventures. Finney described with pronounced enthusiasm the nomenclature origins of *Project Diane* in an interview, "Diane Nash was one of

the Civil Rights icons. She was really an architect of the Civil Rights Movement that most people don't know about." The interviewer then interrupted, "In homage to Diane, you were looking at the gender breakdown of these women [of color in tech], and what did you find? Give us some sexy statistics" (Knight & Finney, 2016). To this question, Finney responded, "They were not really sexy. *They were really kinda sad* [emphasis added]. When we first got them, *we kinda like had tears. We were like 'Oh, it's really hard for our sistahs'* [emphasis added]" (Knight & Finney, 2016). These disclosures reveal emotional responses that Finney had vis-à-vis the research outcomes of *Project Diane*. Through her repeated diction, "really kinda sad" and "kinda had tears," a sense of uncertainty is found in the reiteration of "kinda;" yet the same revelation of uncertainty demonstrates Finney's raw sincerity by her refusal to give in to the interviewer's prompting for her to provide "sexy statistics." Through this statement, Finney not only shows her ability to face the "hard facts," but her disclosure of her emotional reaction to the statistics themselves and her seemingly emotional delivery of relaying this recollection to the interviewer both signal her attempt to express solidarity with other women, especially in light of uncovering trends of women of color's experiences with funding scarcity, lack of mentorship, and pervading alienation in the tech industry. These psychoemotional motivations and subsequent designs for interventions undergird her intentions in becoming a social entrepreneur.

Conclusion

In examining the foundations of *The Budget Fashionista* and Digitalundivided, Kathryn Finney's economic, social, and psychoemotional motivations in pursuing ventures in social entrepreneurship emerge. Although these economic, social, and psychological factors are pivotal in understanding the design and function of social ventures, such as *The Budget Fashionista* and Digitalundivided, they nevertheless have shortcomings in gauging social impact. Of crucial

essence in any social entrepreneurship study is analysis of how the social enterprise structures and accomplishes accountability and subsequently realizes the purported social vision. Further study would be needed in order to describe and measure the extent through which Finney's ventures in social entrepreneurship do indeed meet envisioned social transformations. Such analyses focused on social impact could dispel potential allegations of coopting social missions merely as a public relations tactic and instead animate not only the social centric promises but the real outcomes that give promise and lifeblood to social entrepreneurship as a vehicle for social uplift.

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